

D2 LITHIUM CORP.
(formerly HELIOSX LITHIUM & TECHNOLOGIES CORP.)
Management’s Discussion & Analysis
FOR THE NINE MONTHS ENDED AUGUST 31, 2023 AND 2022

This Management’s Discussion and Analysis (“MD&A”) of D2 Lithium Corp. (formerly HeliosX Lithium & Technologies Corp.) (the “Company”) is dated October 30, 2023. This MD&A should be read in conjunction with the Unaudited Consolidated Financial Statements and accompanying notes for the quarter ended August 31, 2023 and the Audited Consolidated Financial Statements and accompanying notes for the fiscal year ended November 30, 2022.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures, and internal controls and to ensure that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable. The Company’s board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board’s audit committee reviews with management on a quarterly basis the consolidated financial statements including the MD&A as well as other financial, operating and internal control matters.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See “Forward-Looking Statements” that are subject to risk factors set out in a cautionary note contained herein.

The reader is encouraged to review Company filings on www.sedar.com.

CORPORATE OVERVIEW

D2 Lithium Corp. (formerly HeliosX Lithium & Technologies Corp.) (the “Company”) is a junior mining company. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company is an exploration stage company and is in the process of acquiring and exploring its mineral property interests.

Dajin Lithium Corp. (“Dajin”) was incorporated under the British Columbia Company Act on August 5, 1987. On January 13, 2022, Dajin and HeliosX Technologies Corp. (“HX Tech”) completed a plan of arrangement under Division 5 of Part 9 of the British Columbia Business Corporations Act (“BCBCA”) involving Dajin, HX Tech, HX Tech subsidiary Fox Creek Lithium Corp., ESG Technologies Inc. (“ESG”) and Helios Infrastructure Corp. (“Helios Infrastructure”) (the “Arrangement”). Dajin also received final approval of the Arrangement from the TSX Venture Exchange (“TSXV”) and approval to list the common shares of the resulting issuer on the TSXV. Pursuant to the Arrangement, Dajin and HX Tech amalgamated to form an amalgamated company called HeliosX Lithium & Technologies Corp. and ESG and Helios Infrastructure were spun out as separate reporting issuers.

The Company is listed and trades on the TSXV under the symbol DTWO, on the OTCQB Markets in the United States under the symbol DTWOF and in Germany under the symbol C2U0. The Company is a Reporting Issuer in the provinces of British Columbia and Alberta.

On June 14, 2023, the Company changed its name to D2 Lithium Corp.

The Company’s registered office, records office and head office is located at Suite 202, 8661 – 201 Street, Langley, BC V2Y 0G9.

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As of the date hereof, the authorized capital of the Company consists of an unlimited number of Common Shares without par value, of which 36,231,804 Common Shares are issued and outstanding as fully paid and non-assessable.

OUTLOOK

In 2023, the Company will continue to work with Pluspetrol to develop our assets in Argentina, better define proposed drill locations at the Teels Marsh Lithium Brine project in Nevada and continue its basin wide review of the Western Canadian Sedimentary basin. Management is currently conducting a detailed review of North and South America Lithium brine opportunities and have begun reviewing a number of prospective international regions as well. Additionally, the Company will continue to review strategic acquisitions or joint ventures on an ongoing basis.

DAJIN RESOURCES S.A.

Dajin Resources S.A. ("Dajin S.A.") was incorporated under the Argentine Companies Act (Law 19,550, as amended, modified or supplemented from time to time) on December 18, 2009, and registered with the Registrar of Companies of the City of Buenos Aires (Inspección General de Justicia) on March 5, 2010.

The Company is the owner of 49% of the issued share capital of Dajin S.A. The corporate domicile for Dajin S.A. is at 339 Lima Street, City of Buenos Aires, Argentina.

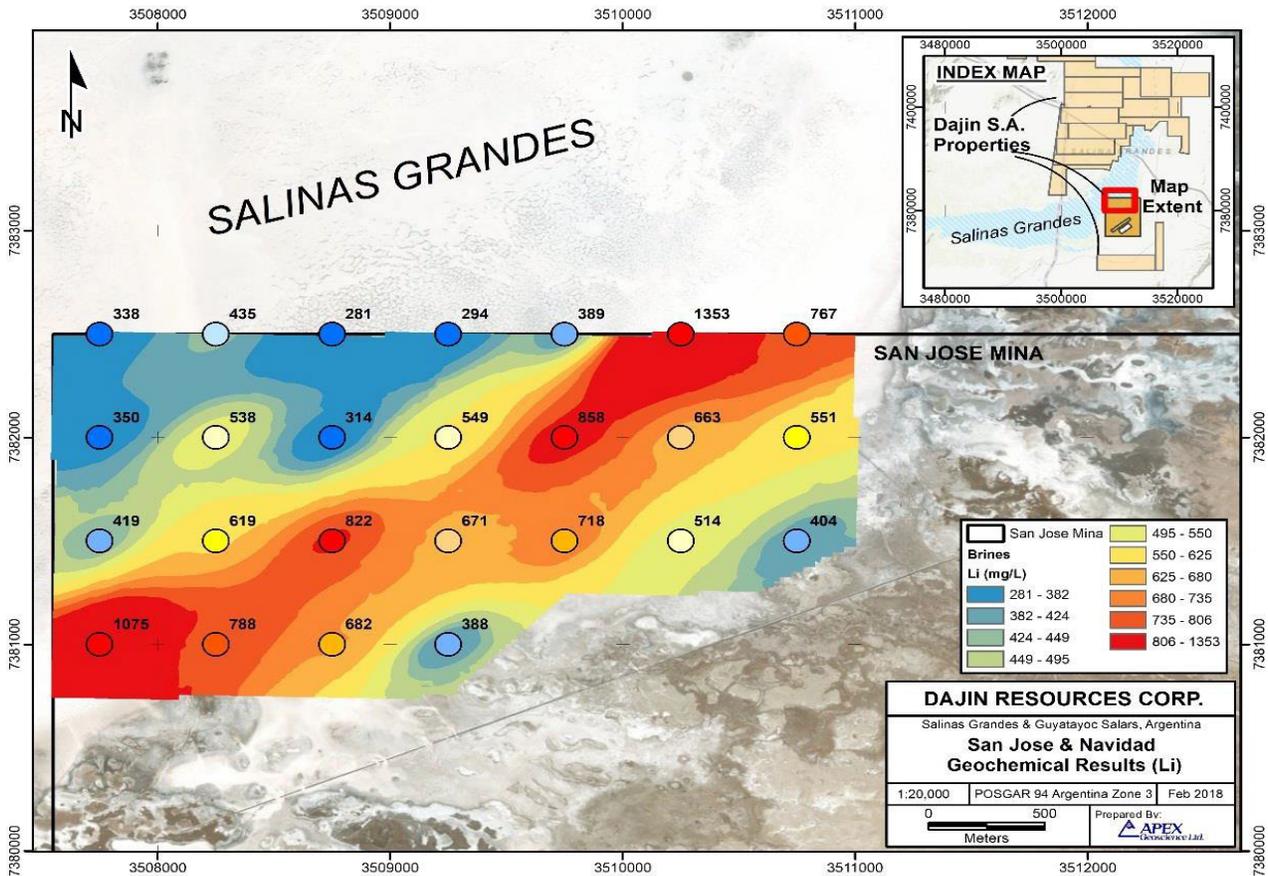
Argentina – Salinas Grandes and Guayatayoc salar properties

San Jose-Navidad Project

Phase one of a surface exploration program has been completed on the northwest portion of the San Jose-Navidad mina located on the Salinas Grandes salar in the province of Jujuy, Argentina. There were 25 shallow brine samples taken over an area of 550 hectares (5.5 km²) in the northwestern corner of the 4,400 hectares (43 km²) San Jose-Navidad mina. Lithium concentrations ranged from **281** mg/l to **1,353** mg/l, averaging **591** mg/l.

The 25 sample points were pre-planned on a 500 m east/west and north/south grid, utilizing the Company geographical information system and located in the field with a handheld GPS. At each sample site an auger drill was used to excavate an 8-inch diameter hole to a depth of two (2) m. Thereafter a bailer was used to extract brine 0.5m to 1.0m below the phreatic level after the brine had been given time to settle over a 30-minute period. The bailed brine was then decanted into four sterilized plastic liter size bottles and sealed without any air being trapped in the bottle. There after the samples were delivered to the laboratory for analysis.

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San Jose - Navidad Lithium Assay Results – February 2018

The San José – Navidad minas have not been explored previously for Lithium bearing brines but results from earlier exploration programs in adjacent parts of the salar reported Lithium brine sampling from 1-meter-deep pits. The seven closest pit samples, taken between 0 to 200 meters from both the north and west sides of the mina yielded Lithium concentrations that ranged from 279 mg/l to 987 mg/l, averaging 551 mg/l. Pit samples taken within one (1) km of the property boundary assayed up to 1,122 mg/l Lithium. The highest Lithium assay ever reported on the Salinas Grandes salar exceeded 3,000 mg/l.

DAJIN RESOURCES (US) CORP.

Dajin Resources (US) Corp. (“Dajin US”) was incorporated in the State of Nevada on August 1, 2014, as “Any Legal Purpose Company” and a wholly owned subsidiary of Dajin. All the issued shares of Dajin US are registered in the name of the Company.

The office of Dajin US is located at 6121 Lakeside Drive, Suite 260, Reno, Nevada 89511.

FOX CREEK LITHIUM CORP.

Fox Creek Lithium Corp. was incorporated as a wholly owned subsidiary of HX Corp. on February 25, 2021 pursuant to ABCA. As a result of an amalgamation, all the shares of Fox Creek Lithium Corp. were transferred into the name of the Company in January 2022.

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For additional information, please refer to the Company's Annual Information Form on Sedar.

RESULTS OF OPERATIONS

Three months ended August 31, 2023

For the three months ended August 31, 2023, the Company incurred a net loss of \$118,065 (2022 \$136,350 net loss).

Total expenses for the three months ended August 31, 2023 were \$127,242 as compared to \$142,354 for the comparable period.

Nine months ended August 31, 2023

For the nine months ended August 31, 2023, the Company incurred a net loss of \$469,039 (2022 \$1,871,193 net loss).

Total expenses for the nine months ended August 31, 2023 were \$475,785 as compared to \$1,884,701 for the comparable period.

Summary of Quarterly Results

FOR THE THREE MONTHS ENDED

	August 31, 2023	May 31, 2023	February 28, 2023	November 30, 2022
Total revenues	\$ -	\$ -	\$ -	\$ -
Net loss	\$ (118,065)	\$ (188,418)	\$ (162,556)	\$ (18,489,810)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.55)

FOR THE THREE MONTHS ENDED

	August 31, 2022	May 31, 2022	February 28, 2022	November 30, 2021
Total revenues	\$ -	\$ -	\$ -	\$ -
Net loss	\$ (136,350)	\$ (1,587,757)	\$ (147,520)	\$ (196,304)
Basic and diluted loss per share	\$ (0.00)	\$ (0.04)	\$ (0.00)	\$ (0.03)

There can be material fluctuation in quarterly results due to the granting of share purchase options during these quarters and acquisition costs for company growth. The income/loss for the quarters ended August 31, 2023, May 31, 2023, February 28, 2023, November 30, 2022, August 31, 2022, May 31, 2022, February 28, 2022, and November 30, 2021 includes a share-based compensation charge of \$Nil, \$Nil, \$Nil, \$82,822, \$Nil, \$1,298,100, \$Nil and \$Nil, respectively, due to the granting of share purchase options during these quarters.

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LIQUIDITY AND CAPITAL RESOURCES

At August 31, 2023, the Company had cash and cash equivalents of \$15,328 (November 30, 2022 - \$742,546) and current liabilities of \$1,362,360 (November 30, 2022 - \$1,115,710). All of the Company's accounts payable (\$200,836) have contractual maturities of less than 30 days and are subject to normal trade terms.

To date, the Company has been able to fund operations and property exploration and evaluation primarily through equity financing and short-term loans. The junior mining industry is considered speculative in nature. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with its financing ventures or other initiatives.

RELATED PARTY TRANSACTIONS

The Company incurred the following charges with directors and officers of the Company and private companies controlled by the directors:

	Three Months Ended		Nine Months Ended	
	August 31, 2023 \$	August 31, 2022 \$	August 31, 2023 \$	August 31, 2022 \$
Wages and benefits	13,500	13,500	40,500	40,500
Share-based payments	-	-	-	25,950
	13,500	13,500	40,500	66,450
Key management compensation				
Administration fees	7,250	-	21,750	-
Rent reimbursement	4,988	5,572	13,159	14,323
Share-based payments	-	-	-	156,000
	12,238	5,572	34,909	170,323
	25,738	19,072	75,409	236,773

These charges were measured by the exchange amount, that is the amount agreed upon by the transacting parties.

Included in August 31, 2023 accounts payable and accrued liabilities is \$63,192 (November 30, 2022: \$101,341) owing to related party individuals and companies with common officers and directors.

Included in August 31, 2023 loans payable is \$109,397 (November 30, 2022: \$109,397) owing to certain officers and directors of the Company.

Amounts due to related parties are non-interest bearing, unsecured and are due on demand.

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Pursuant to the January 13, 2022 amalgamation of Dajin and HX Tech, the Company’s former CEO, former CFO and a company controlled by the Company’s former CEO and CFO collectively received 6,930,000 Company common shares.

On March 30, 2023, the Company filed a Statement of Claim in the court of the King’s Bench of Alberta against former officers and directors of the Company. The Company has alleged breach of fiduciary duty, breach of duty and care and negligence, resulting in the Company suffering losses and damages in an amount currently estimated to be not less than \$4,413,158, inclusive of amounts currently recorded in accrued liabilities in dispute as at August 31, 2023 and November 30, 2022 aggregating \$550,000.

OFF-BALANCE SHEET ARRANGEMENTS

During the reporting period there were no off-balance sheet arrangements.

OUTSTANDING SHARE DATA

As at October 30, 2023

Common Shares issued	36,231,804
Incentive stock options	1,045,000

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements is included in the following notes:

Resource property expenditures

The application of the Company’s accounting policy for resource property expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive loss in the period the new information becomes available.

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Impairment

At each reporting period, assets, specifically resource property costs and investment in Dajin S.A. are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

Going concern

The Company uses judgment in determining its ability to continue as a going concern in order to discharge its current liabilities via raising additional financing.

Investment in Dajin Resources S.A.

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting. The Company has diluted its interest in its previously wholly-owned subsidiary Dajin Resources S.A. ("Dajin S.A.") to less than 50%, therefore it does not have the current ability to control the key operating activities of the company. Pursuant to the Shareholders and Operating Agreements entered into by the companies, Lithium S Holding Corporation ("Lithium H"), a wholly-owned subsidiary of LSC Lithium Corporation ("LSC"), was appointed operator for the earn-in period and the board of directors of Dajin S.A. is comprised of two directors appointed by Lithium H and one director appointed by the Company. As at August 31, 2023, management has determined that the Company did have significant influence over Dajin S.A. Accordingly, the investment in Dajin S.A. was accounted for as an investment in associate.

Valuation of shares and warrants issued pursuant to amalgamation with HX Tech

Management has used its judgment to determine the valuation of share and warrant consideration issued pursuant to Dajin's amalgamation with HX Tech, as well as how to allocate the value of share and warrant consideration issued among HX Tech's net assets acquired. The common shares issued were valued based on the Company's closing market share price on the January 13, 2022 amalgamation date. Company share purchase warrants issued were valued using the Black-Scholes valuation model.

The lack of available information to independently value the acquisition of HX Tech required the Company to instead measure the value of its own equity issued as the only alternative. However, significant uncertainties also exist with this approach, most materially that the share consideration has been measured with no price discount provided for on account of volume. Also, the Black-Scholes model requires the input of arbitrary variables that may not, within the application of the formula, produce a result that would be representative of an actual economic exchange of value.

Management has made the judgment that without significant operating activities, HX Tech did not meet the accounting definition of a business pursuant to IFRS 3, Business combinations. Therefore, for accounting purposes, the transaction was accounted for as an acquisition of the net assets of HX Tech by Dajin in exchange for shares and warrants of the Company.

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FINANCIAL AND OTHER INSTRUMENTS

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments.

Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

The Company classifies and measures its financial instruments as follows:

- Cash and cash equivalents, loan receivable and reclamation bonds are classified as subsequently measured at amortized cost.
- Marketable securities are classified as FVTPL.
- Accounts payable and accrued liabilities, loans payable and CEBA loan payable are classified as subsequently measured at amortized cost.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. The Company reduces its credit risk on cash by placing these instruments with institutions of high creditworthiness. As at August 31, 2023, the Company is not exposed to any significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At August 31, 2023, the Company had cash and cash equivalents of \$15,328 (November 2022: \$742,546) and current liabilities of \$1,362,360 (November 30, 2022: \$1,115,710). All of the Company's accounts payable (\$200,836) have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short-term interest rates through the interest earned on cash balances. The Company has no significant cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in short-term deposits with its banking institutions. The Company monitors the investments it makes and is satisfied with the credit ratings of the banks with which they are held.

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Price risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the commodity prices of industrial minerals (Lithium, Boron and Potassium), and precious and base metals. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Sensitivity to price risk relative to earnings is remote since the Company has not established any reserves or production. The Company is also exposed to the risk of equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company monitors commodity prices of industrial minerals, precious and base metals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following is "reasonably possible" during the upcoming financial year:

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious metals. Precious metal prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of precious metals may be produced in the future, a profitable market will exist for them. As of August 31, 2023, the Company was not a precious metal producer. As a result, commodity price risk largely affects the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Foreign Currency Risk

The foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in the Canada, United States and Argentina. As at August 31, 2023, the Company had accounts payable of \$5,216 (November 30 2022 \$8,295) denominated in US dollars. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk.

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RISKS AND UNCERTAINTIES

In addition to the risks and uncertainties detailed earlier in this MD&A, the Company is also subject to other risks and uncertainties including the following:

General Risk Associated with the Mining Industry

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that claims and leases are in good standing and obtaining permits for drilling and other exploration activities. The market prices for gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Exploration and development activities involve risks which careful evaluation, experience and knowledge may not, in some cases eliminate. The commercial viability of any mineral deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit. Management attempts to mitigate its exploration risk by maintaining a diversified portfolio of properties and a strategy of possible joint ventures with other companies which balances risk while at the same time allowing properties to be advanced.

Dependence on Key Personnel

Loss of certain members of the executive team or key operational leaders of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and competition for qualified personnel may be intense. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

OTHER

Additional information and other publicly filed documents relating to the Company, including its news releases and quarterly and annual reports, are available on SEDAR and can be accessed at www.sedar.com.